

March 10, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

REPORT ON THE IN-HOME SUPPORTIVE SERVICES (IHSS) WORKER HEALTH CARE PLAN

On November 26, 2002, my office provided your Board with a preliminary report on the cost-effectiveness of reducing the eligibility threshold from 112 hours to 80 hours per month for In-Home Supportive Services (IHSS) workers in the Personal Assistance Services Council-Service Employees International Union (PASC-SEIU) Homecare Workers Health Care Plan (Health Care Plan).

At that time, we reported that the initial service cost and utilization data from the Department of Health Services (DHS) indicated that the Health Care Plan could remain financially viable with a change in the eligibility threshold to 80 hours per month. However, we recommended that the final report on the cost-effectiveness of this change be deferred until February 2003 to allow DHS and my office to validate the data before we concluded our analysis.

Our further analysis of the DHS data confirms the relatively low utilization levels we reported earlier, although utilization for both inpatient days and outpatient visits has increased in recent months, presumably as enrollees become more familiar with Health Care Plan benefits. We also reviewed the service cost data developed previously, and they still appear to be reliable and reasonable. Therefore, our analysis indicates that the Health Care Plan would remain financially viable for DHS with a change in the eligibility threshold.

Each Supervisor
March 10, 2003
Page 2

Our assumption for financial viability of this program, however, was based on the current Federal/State/County cost sharing ratios for the Health Care Plan, which results in a County cost of approximately 20 percent of total program costs, with the State and Federal governments covering approximately 38 percent and 42 percent, respectively. As reported separately in our Sacramento Legislative Updates, the Governor's realignment proposal would shift 100 percent of the non-Federal share of costs for the IHSS program to counties, which means that the share currently paid by the State would become a county responsibility.

While the Governor proposes to provide counties with new funds for the realigned programs, there is a concern that the State funding sources will not keep pace with projected caseload growth and cost increases. This would require counties to provide a larger share of program costs in order to receive Federal matching funds and to maintain or increase benefit levels.

If you have questions or need additional information, please call me or your staff may contact Sheila Shima of my staff at (213) 974-1160.

DEJ:DIL
SS:AB:bjs

c: Executive Officer, Board of Supervisors
County Counsel
Director, Department of Health Services
Director, Department of Public Social Services
Executive Director, Personal Assistance Services Council